



Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [IFRS]

May 29, 2020

Company Name Premium Group Co., Ltd. Listed on the Tokyo Stock Exchange
 Stock Code 7199 URL <https://www.premium-group.co.jp/>
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 Scheduled date of regular general meeting of shareholders: June 29, 2020 Scheduled date of commencement of dividend payment: June 15, 2020
 Scheduled date of securities report submission: June 30, 2020
 Supplementary material for financial results prepared: Yes
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(Consolidated financial results: Amounts are rounded to the nearest million yen.
 Nonconsolidated financial results: Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (% change from previous fiscal year)

	Operating income		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	14,016	30.3	2,604	24.2	1,452	4.4	1,466	5.6	1,381	(3.5)
Fiscal year ended March 31, 2019	10,759	18.7	2,097	6.0	1,391	7.5	1,388	7.3	1,431	7.2

	Basic earnings per share	Diluted earnings per share	Ratio of earnings to equity attributable to owners of parent	Ratio of pretax profit to total assets
	Yen	Yen	%	%
Fiscal year ended March 31, 2020	112.33	110.29	27.4	5.1
Fiscal year ended March 31, 2019	113.08	104.90	24.8	5.3

Reference: Equity method investment profit/loss FY Ended March 31, 2020 (84) million yen FY Ended March 31, 2019 49 million yen

Notes:

- For accounts affected by the October 15, 2018 business combination with Softplanner Co., Ltd., accounts processing remained tentative during the previous consolidated fiscal year but was finalized during this consolidated fiscal year. In connection with this finalization of the tentative accounts processing, consolidated financial results for the previous consolidated fiscal year reflect the finalized details.
- The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Million yen
Fiscal year ended March 31, 2020	58,203	5,312	5,242	9.0	411.21
Fiscal year ended March 31, 2019	43,540	5,529	5,464	12.5	413.88

Notes:

- For accounts affected by the October 15, 2018 business combination with Softplanner Co., Ltd., accounts processing remained tentative during the previous consolidated fiscal year but was finalized during this consolidated fiscal year. In connection with this finalization of the tentative accounts processing, consolidated financial results for the previous consolidated fiscal year reflect the finalized details.
- The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Equity attributable to owners of parent per share is calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2020	(1,246)	(1,618)	2,967	6,286
Fiscal year ended March 31, 2019	(1,015)	(706)	1,563	6,186

Note: Due to an increase in monetary importance, other deposits (included under cash and cash equivalents in the Consolidated Statement of Financial Position for the previous consolidated fiscal year) are included under other financial assets beginning with this consolidated fiscal year. As a result of this change in presentation methods, the balance of cash and cash equivalents at the end of the previous consolidated fiscal year decreased by 213 million yen, while the balance of cash and cash equivalents at the start of the previous consolidated fiscal year decreased by 131 million yen.

2 Dividends

	Annual dividend					Total dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2019	-	42.50	-	42.50	85.00	538	37.6	9.6
Fiscal year ended March 31, 2020	-	22.00	-	22.00	44.00	571	40.6	10.7
Fiscal year ending March 31, 2021 (forecast)	-	-	-	-	-		-	

Notes:

- For accounts affected by the October 15, 2018 business combination with Softplanner Co., Ltd., accounts processing remained tentative during the previous consolidated fiscal year but was finalized during this consolidated fiscal year. In connection with this finalization of the tentative accounts processing, consolidated financial results for the previous consolidated fiscal year reflect the finalized details.
- The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. For dividends on and before the end of the fiscal year ended March 31, 2019, the actual amounts prior to this stock split are shown above.
- Share premium was included in the sources of funding for dividends in the second quarter of the consolidated fiscal year ended March 31, 2019. For additional information, see the Breakdown of Dividends Funded from Share premium below.
- Projections of dividends for the fiscal year ending March 31, 2021 are yet to be determined due to the difficulty of calculating projected results at this time. They will be announced as soon as projections are feasible.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Forecasts of consolidated financial results for the next fiscal year are yet to be determined, based on the Company's judgment that it would be difficult to make reliable projections of future prospects at the present time due to the effects of the novel coronavirus pandemic.

Forecasts of financial results will be announced promptly as soon as it has become feasible to make reliable estimates.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS : Yes

2) Changes in accounting policies for other reasons : None

3) Changes in accounting estimates : Yes

Note: For additional information, see 3. Consolidated Financial Statements and Major Notes: (6) Notes on the Consolidated Financial Statements: (Changes in accounting policies) and (Changes in accounting estimates).

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at end of period (including treasury shares)	Fiscal year ended March 31, 2020	13,274,500 shares	Fiscal year ended March 31, 2019	13,201,500 shares
2) Number of treasury shares at end of period	Fiscal year ended March 31, 2020	525,711 shares	Fiscal year ended March 31, 2019	302 shares
3) Average number of shares during period	Fiscal year ended March 31, 2020	13,048,531 shares	Fiscal year ended March 31, 2019	12,269,711 shares

Note: The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Numbers of shares have been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

Reference: Summary of nonconsolidated financial results

1. Nonconsolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Nonconsolidated Operating Results (% change from previous fiscal year)

	Operating income		Operating profit		Ordinary income		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	2,818	(8.4)	1,324	(37.5)	1,255	(38.9)	1,252	(39.0)
Fiscal year ended March 31, 2019	3,078	250.4	2,119	-	2,055	-	2,050	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2020	95.93		94.19	
Fiscal year ended March 31, 2019	167.15		154.83	

Note: The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

(2) Nonconsolidated Financial Position

	Total assets		Net assets		Equity capital ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Fiscal year ended March 31, 2020	13,501		3,993		29.6		313.22	
Fiscal year ended March 31, 2019	11,460		4,472		39.0		338.75	

Reference: Equity capital FY Ended March 31, 2020 3,993 million yen FY Ended March 31, 2019 4,471 million yen

Note: The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Net assets per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

Note: Financial figures for nonconsolidated financial results are calculated based on Japanese GAAP.

* Consolidated financial results are not subject to audits by a certified public accountant or auditing firm.

* Note to ensure appropriate use of forecasts and other remarks

1. For additional information on financial results, also refer to the explanatory materials on financial results released today.

Financial results explanatory materials: <http://ir.premium-group.co.jp/ja/library/presentation.html>

2. Forecasts of consolidated financial results for the next fiscal year are yet to be determined, based on the Company's judgment that it would be difficult to make reliable projections of future prospects at the present time due to the effects of the novel coronavirus pandemic.

For additional information, see "1. Summary of Business Results: (4) Future outlook," attached.

3. Breakdown of dividends funded from share premium

A breakdown of dividends funded from share premium, included in second-quarter dividends for the fiscal year ended March 31, 2019, is provided below.

Basis date	End of second quarter	Total
Dividends per share	42.50 yen	42.50 yen
Total dividends	258 million yen	258 million yen

Notes:

1. The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Second-quarter dividends for the fiscal year ended March 31, 2019 are shown in the actual amounts of dividends prior to this stock split.
2. Rate of decrease in net assets: 0.122
3. Year-end dividends in the fiscal year ended March 31, 2020 are funded from retained earnings.

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1. Summary of Business Results

(1) Summary of business results during the period under review

During the fiscal year under review (April 1, 2019 to March 31, 2020), Japan's economy exhibited a trend of gentle recovery. Improvements continued in employment and income conditions, backed by strong corporate earnings. Due to the limited demand rush in anticipation of an increase in the consumption tax rate, there was no major decline in demand after the increase, as had occurred following the 2014 increase. At the same time, uncertainty regarding future prospects continued internationally, due to factors such as prolonged trade frictions between the United States and China and economic slowing in Europe. A look at the impact of the novel coronavirus pandemic on the Company's business performance shows that an impairment loss of 871,107 thousand yen was recorded on the equity-method affiliate Eastern Commercial Leasing PCL (ECL), due to a temporary drop in its stock price in March 2020 as a result of the global downturn in stock prices. Nevertheless, ECL's business itself remains solid and continues to record profits. This impairment loss was recorded due to a temporary downturn in business performance due to Thailand's lockdown in response to the pandemic and uncertainty about the impact on future business performance. Since the virus did not begin to spread in Japan until March 2020, the impact of the coronavirus on the performance of the Company's domestic businesses for the fiscal year under review appears to be minor.

The size of the used vehicle market, the Group's primary target market, remained largely unchanged from last year. The number of used ordinary passenger vehicles registered in Japan from April 2019 through March 2020 stood at 3,334,075 vehicles (down 0.9% from the previous consolidated fiscal year). (Source: Statistical data from the Japan Automobile Dealers Association)

Under these conditions, in addition to increasing volumes in its main Credit Finance and Auto Warranty services, the Group provides advanced solutions as an automotive mobility company for use in various processes related to motor vehicles for used vehicle dealers, our major client base. We are also striving to build networks with used vehicle dealers and maintenance facilities. Internationally, we offer automobile warranty services in Thailand and Indonesia.

Conditions of individual businesses are summarized below.

In the Credit Finance Business, we increased utilization rates by building relationships based on attentive service with used vehicle dealers with whom we have concluded affiliate agreements, backed by continuing efforts to increase sales personnel and improve sales skills, in addition to maintaining favorable fundraising conditions. We expanded existing sales facilities and opened new ones and developed sales channels in areas we had not previously approached. As a result, operating profit was 9,647,696 thousand yen (up 19.2% from the previous consolidated fiscal year).

As a hedge against the risk of doubtful accounts in the Credit Finance Business (advance payments and partner loans), the Group has concluded transaction credit insurance and guarantee organization credit insurance policies with multiple casualty insurers to supplement credit receivables.

Previously, supplementation under credit insurance was not recorded as individual assets due to the difficulty of identifying reliable projections of the supplementation received from such insurance.

As a result of measures including revised credit insurance policies and enhanced internal administration structures, starting with this consolidated fiscal year, reliable projections for the supplementation received from credit insurance are recorded as insurance assets. This resulted in the recording of 2,080,841 thousand yen in other income in the first quarter.

In the Automobile Warranty Business, in addition to making EGS Inc. (a company offering warranties for used imported vehicles) a subsidiary in April 2019, we increased the business volumes of the Group's Premier warranty services brand through changes in its product lineup and increased name recognition through radio advertising and other marketing activities. These efforts resulted in operating profit of 3,661,080 thousand yen, up 52.8% from the previous consolidated fiscal year.

In other businesses, in addition to servicing more vehicles by expanding our auto body repair and paint facilities, revenues from sales of software by Softplanner Co., Ltd., made a subsidiary in October 2018, resulted in operating profit of 707,108 thousand yen, up 162.8% from the previous consolidated fiscal year. In our international businesses, losses on equity method investments were 843,567 thousand yen. This reflects the temporary decline in ECL stock price resulting in impairment loss attributable to the global downturn in stock markets associated with the coronavirus as noted above, in addition to the impact of lower new vehicle sales due to an economic downturn in Thailand attributable to US-China trade frictions, tightening policies on auto loans, and other factors.

A look at costs shows that in addition to increases in various expenses accompanying staffing increases and expansion of the Credit Finance Business and the Automobile Warranty Business, increased costs in acquisition of stock in subsidiaries and other factors increased total costs to 13,528,024 thousand yen, up 34.8% from the previous consolidated fiscal year.

These factors led to operating income of 14,015,883 thousand yen, up 30.3% from the previous consolidated fiscal year; profit before tax in this consolidated fiscal year of 2,603,695 thousand yen, up 24.2% from the previous consolidated fiscal year; and profit attributable to owners of parent of 1,465,708 thousand yen, up 5.6% from the previous consolidated fiscal year.

(2) Summary of financial position during the period under review

(Assets)

At the end of the consolidated fiscal year under review, total assets stood at 58,203,414 thousand yen, up 14,663,550 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to factors such as increases of 5,264,290 thousand yen in financial receivables and 3,115,035 thousand yen in other financial assets.

(Liabilities)

At the end of the consolidated fiscal year under review, total liabilities stood at 52,890,993 thousand yen, up 14,880,223 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to factors such as increases of 4,977,097 thousand yen in financial guarantee policies and 5,784,094 thousand yen in borrowings.

(Capital)

At the end of the consolidated fiscal year under review, total capital stood at 5,312,421 thousand yen, down 216,673 thousand yen from the end of the previous consolidated fiscal year. This was due mainly to factors such as declines of 1,199,928 thousand yen resulting from acquisition of treasury shares and 571,202 thousand yen in share premium, which was used to fund dividends.

Total equity attributable to owners of parent decreased by 221,254 thousand yen from the end of the previous consolidated fiscal year to 5,242,417 thousand yen.

(3) Cash flow position during the period under review

A look at cash flow during the consolidated fiscal year under review shows total cash flow used in operating activities of 1,26,060 thousand yen (vs. 1,014,777 thousand yen in cash flow used in operating activities in the previous consolidated fiscal year); total cash flow used in investing activities of 1,618,152 thousand yen (vs. 705,730 thousand yen in cash flow used in investing activities in the previous consolidated fiscal year); and total cash flow from financing activities of 2,966,681 thousand yen (vs. 1,562,782 thousand yen in cash flow from financing activities in the previous consolidated fiscal year). As a result, cash and cash equivalents (“funds” hereinafter) at the end of this consolidated fiscal year stood at 6,285,647 thousand yen, up 99,559 thousand yen from the end of the previous consolidated fiscal year.

The position on each type of cash flow and the main factors behind each for the consolidated fiscal year are summarized below.

(Cash flow from operating activities)

Funds used in operating activities during the consolidated fiscal year under review totaled 1,246,060 thousand yen. Major revenues from operating activities included an increase of 4,977,097 thousand yen in financial guarantee contracts and 2,603,695 thousand yen in profit before tax. Major expenditures included an increase of 5,266,122 thousand yen in financial receivables and an increase of 3,308,271 thousand yen in other assets.

(Cash flow from investing activities)

Funds used in investing activities during the consolidated fiscal year under review totaled 1,618,152 thousand yen. Major expenditures on investing activities included expenditures of 692,107 thousand yen on acquisition of property, plant, and equipment, 522,499 thousand yen in guarantee deposits, and 282,117 thousand yen on acquisition of intangible assets.

(Cash flow from financing activities)

Funds secured from financing activities during the consolidated fiscal year under review totaled 2,966,681 thousand yen. Major revenues from financing activities included 48,978,145 thousand yen in short-term borrowings and 11,045,533 thousand yen in long-term borrowings. Major expenditures included 50,867,974 thousand yen in repayment of short-term borrowings and 3,801,030 thousand yen in repayment of long-term borrowings.

Due to an increase in monetary importance, other deposits (included under cash and cash equivalents in the Consolidated Financial Position Statement for the previous consolidated fiscal year) are included under other financial assets beginning with this consolidated fiscal year. For details, see “Changes in presentation methods” on p. 16.

(4) Future outlook

The outlook for the following fiscal year (April 1, 2020 to March 31, 2021) is uncertain due to the constraints on economic activity imposed by the worldwide implementation of stay-at-home orders, municipal lockdowns, and suspension of factory operation in response to the novel coronavirus pandemic. The Japanese economy is expected to experience a large-scale downturn due to restrictions on economic activities resulting from fewer foreign visitors to Japan, social distancing measures, and other factors.

Despite such difficult economic conditions, in response to the coronavirus pandemic the Group will eliminate paper-based operational processes and advance further efficiency improvements in its sales activities and contractual procedures. It also will aim to implement new operational management unbound by traditional ways of working, through means such as promoting remote work and utilizing satellite offices.

Furthermore, beginning next year it will launch the “Value Up[↑] 2023” medium-term management plan. To realize its mission of delivering the best in finance and services to people around the world, the Company will strive to achieve further growth by adapting with flexibility to the dramatically changing mobility industry, based on the four strategies of enhancing the finance field, growing the warranty market, expanding auto mobility services, and building networks of dealers and maintenance facilities.

Consolidated business performance forecasts for the fiscal year ending March 2021 are yet to be determined, due to difficulties in making reliable projections based on the uncertainty of the eventual impact of the novel coronavirus pandemic on business results.

Consolidated business performance forecasts will be announced as soon as it becomes feasible to make such projections.

2. Basic Thinking on Selection of Accounting Standards

Since the fiscal year ended March 2016 (fiscal year no. 1), the Group has applied the International Financial Reporting Standards (IFRS) to make international comparisons more useful, improve access to financial information in capital markets, and facilitate the preparation of consolidated financial statements for the Group, including overseas affiliates.

3. Consolidated Financial Statements and Major Notes
 (1) Consolidated Statement of Financial Position

	(Thousands of yen)	
	Previous consolidated fiscal year (March 31, 2019)	This consolidated fiscal year (March 31, 2020)
Assets		
Cash and cash equivalents	6,186,088	6,285,647
Financial receivables	14,746,300	20,010,590
Other financial assets	3,293,278	6,408,313
Property, plant, and equipment	480,968	3,092,356
Intangible assets	5,913,048	5,950,315
Goodwill	2,692,807	3,958,366
Investments accounted for using equity method	2,194,920	1,224,273
Deferred tax assets	608,681	-
Insurance assets	-	2,964,814
Other assets	7,423,774	8,308,740
Total assets	43,539,864	58,203,414
Liabilities		
Financial guarantee contracts	17,086,049	22,063,146
Borrowings	10,636,788	16,420,882
Other financial liabilities	3,140,363	6,340,424
Provisions	69,804	326,535
Income taxes payable	642,852	385,952
Deferred tax liabilities	1,598,776	1,354,593
Other liabilities	4,836,139	5,999,461
Total liabilities	38,010,770	52,890,993
Equity		
Equity attributable to owners of parent		
Capital	226,792	1,533,686
Share premium	2,412,157	1,259,936
Treasury shares	(590)	(1,200,518)
Retained earnings	2,692,763	3,587,269
Other components of equity	132,549	62,044
Total equity attributable to owners of parent	5,463,671	5,242,417
Non-controlling interests	65,423	70,003
Total equity	5,529,094	5,312,421
Total liabilities and equity	43,539,864	58,203,414

(2) Consolidated Statement of Profit and Loss

(Thousands of yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Operating income	10,759,236	14,015,883
Other finance income	146,407	5,408
Share of profit of investments accounted for using equity method	48,508	-
Other income	1,180,235	2,110,428
Total income	12,134,386	16,131,719
Operating expense	10,001,457	12,457,872
Other finance cost	34,037	151,149
Losses on equity method investments	-	843,567
Other expense	1,883	75,436
Total expense	10,037,377	13,528,024
Profit before tax	2,097,009	2,603,695
Income tax expense	706,423	1,151,761
Profit	1,390,587	1,451,933
Attributable to		
Owners of parent	1,387,507	1,465,708
Non-controlling interests	3,080	(13,774)
Profit	1,390,587	1,451,933
Earnings per share attributable to owners of parent		
Basic earnings per share (yen)	113.06	112.33
Diluted earnings per share (yen)	104.90	110.29

(3) Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Profit	1,390,587	1,451,933
Other comprehensive income		
Items that may be reclassified to net profit or loss		
Exchange differences on translation of foreign operations	268	(1,160)
Share of other comprehensive income of investments accounted for using equity method	40,030	(69,313)
Other comprehensive income (net of tax)	40,298	(70,473)
Comprehensive income	1,430,885	1,381,460
Attributable to:		
Owners of parent	1,427,668	1,394,851
Non-controlling interests	3,217	(13,391)
Comprehensive income	1,430,885	1,381,460

(4) Consolidated Statement of Changes in Equity

(Thousands of yen)

	Equity attributable to owners of parent					
	Capital	Share premium	Treasury shares	Retained earnings	Other components of equity	
					Exercise of warrants	Share of other comprehensive income of investments accounted for using equity method
Balance as of April 1, 2018	115,424	3,015,170	-	2,470,246	26,439	82,731
Cumulative effect of changes in accounting policies	-	-	-	(1,164,989)	-	-
April 1, 2018 balance reflecting changes in accounting policies	115,424	3,015,170	-	1,305,256	26,439	82,731
Comprehensive income						
Profit	-	-	-	1,387,507	-	-
Other comprehensive income	-	-	-	-	-	40,030
Total comprehensive income	-	-	-	1,387,507	-	40,030
Transactions with owners, etc.						
Issuance of new shares	109,350	169,635	-	-	(60,285)	-
Purchase of treasury shares	-	-	(590)	-	-	-
Dividends	-	(772,648)	-	-	-	-
Investments accompanying establishment of subsidiaries	-	-	-	-	-	-
Capital transactions with non-controlling interests	-	-	-	-	-	-
Share-based payment transactions	2,018	-	-	-	43,077	-
Total transactions with owners, etc.	111,368	(603,013)	(590)	-	(17,208)	-
Balance as of March 31, 2019	226,792	2,412,157	(590)	2,692,763	9,231	122,762
Comprehensive income						
Profit	-	-	-	1,465,708	-	-
Other comprehensive income	-	-	-	-	-	(69,313)
Total comprehensive income	-	-	-	1,465,708	-	(69,313)
Transactions with owners, etc.						
Issuance of new shares	-	-	-	-	-	-
Purchase of treasury shares	-	(4,208)	(1,199,929)	-	-	-
Dividends	-	-	-	(571,202)	-	-
Capital transactions with non-controlling interests	-	(956)	-	-	-	-
Share-based payment transactions	142,043	17,796	-	-	351	-
Transfers from share premium to capital	1,164,852	(1,164,852)	-	-	-	-
Total transactions with owners, etc.	1,306,895	(1,152,221)	(1,199,929)	(571,202)	351	-
Balance as of March 31, 2020	1,533,686	1,259,936	(1,200,518)	3,587,269	9,582	53,449

(Thousands of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2018	425	109,595	5,710,435	5,407	5,715,842
Cumulative effect of changes in accounting policies	-	-	(1,164,989)	-	(1,164,989)
April 1, 2018 balance reflecting changes in accounting policies	425	109,595	4,545,445	5,407	4,550,853
Comprehensive income					
Profit	-	-	1,387,507	3,080	1,390,587
Other comprehensive income	131	40,162	40,162	137	40,298
Total comprehensive income	131	40,162	1,427,668	3,217	1,430,885
Transactions with owners, etc.					
Issuance of new shares	-	(60,285)	218,700	-	218,700
Purchase of treasury shares	-	-	(590)	-	(590)
Dividends	-	-	(772,648)	-	(772,648)
Investments accompanying establishment of subsidiaries	-	-	-	6,600	6,600
Capital transactions with non-controlling interests	-	-	-	50,199	50,199
Share-based payment transactions	-	43,077	45,095	-	45,095
Total transactions with owners, etc.	-	(17,208)	(509,443)	56,799	(452,644)
Balance as of March 31, 2019	557	132,549	5,463,671	65,423	5,529,094
Comprehensive income					
Profit	-	-	1,465,708	(13,774)	1,451,933
Other comprehensive income	(1,544)	(70,856)	(70,856)	383	(70,473)
Total comprehensive income	(1,544)	(70,856)	1,394,851	(13,391)	1,381,460
Transactions with owners, etc.					
Issuance of new shares	-	-	-	-	-
Purchase of treasury shares	-	-	(1,204,137)	-	(1,204,137)
Dividends	-	-	(571,202)	-	(571,202)
Capital transactions with non-controlling interests	-	-	(956)	17,971	17,015
Share-based payment transactions	-	351	160,190	-	160,190
Transfers from share premium to capital	-	-	-	-	-
Total transactions with owners, etc.	-	351	(1,616,105)	17,971	(1,598,134)
Balance as of March 31, 2020	(987)	62,044	5,242,417	70,003	5,312,421

(5) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Cash flow from operating activities		
Profit before tax	2,097,009	2,603,695
Depreciation and amortization expense	322,918	854,743
Other finance income and finance costs	(59,522)	249,095
Decrease (increase) in financial receivables	(5,439,239)	(5,266,122)
Increase (decrease) in financial guarantee contracts	3,334,259	4,977,097
Decrease (increase) in other financial assets	(592,496)	(2,257,249)
Increase (decrease) in other financial liabilities	506,060	1,079,063
Decrease (increase) in other assets	(1,256,206)	(3,308,271)
Increase (decrease) in other liabilities	1,137,321	(138,175)
Share of loss (profit) of investments accounted for using equity method	(128,508)	843,567
Other	137,007	(18,957)
Subtotal	87,356	(381,514)
Interest received	39,858	1,580
Dividends received	-	3
Interest paid	(94,245)	(163,771)
Income taxes paid	(1,047,746)	(1,115,037)
Income taxes refunded	-	412,678
Cash flow from (used in) operating activities	(1,014,777)	(1,246,060)
Cash flow from investing activities		
Purchase of investment securities	(6,997)	(12,600)
Purchase of property, plant, and equipment	(151,549)	(692,107)
Purchase of intangible assets	(204,868)	(282,117)
Payments for loans receivable	(110,800)	(5,511)
Collection of loans receivable	27,633	16,934
Payments for guarantee deposits	(206,452)	(475,183)
Proceeds from collection of guarantee deposits	173,988	60,824
Cash flow from acquisition of subsidiary	(226,685)	(228,393)
Cash flow from (used in) investing activities	(705,730)	(1,618,152)
Cash flow from financing activities		
Proceeds from short-term loans	18,486,423	48,978,145
Repayments of short-term loans	(16,434,363)	(50,867,974)
Proceeds from long-term loans	3,216,724	11,045,533
Repayments of long-term loans	(3,002,949)	(3,801,030)
Repayments of lease obligations	(74,519)	(453,040)
Proceeds from issue of stock	218,700	7,654
Proceeds from investment by non-controlling interests	6,600	-
Payments for purchase of treasury shares	(590)	(1,199,929)
Dividends paid	(771,046)	(570,421)
Other	(82,199)	(172,257)
Cash flow from financing activities	1,562,782	2,966,681
Net increase (decrease) in cash and cash equivalents	(157,725)	102,468
Cash and cash equivalents at beginning of period	6,343,582	6,186,088
Effect of exchange rate changes on cash and cash equivalents	231	(2,909)
Cash and cash equivalents at end of period	6,186,088	6,285,647

(6) Notes on the Consolidated Financial Statements
(Notes concerning the going-concern assumption)

Not applicable

(Changes in accounting policies)

Application of IFRS 16

The Group applied IFRS 16, “Leases” (“IFRS 16” hereinafter) starting with this consolidated fiscal year.

1. Application of IFRS 16

IFRS 16, “Leases,” is a standard that establishes new principles related to recognition, measurement, statement, and disclosure in lease accounting. It replaces IAS 17, “Leases” and related interpretation guidelines.

For lessees, IFRS 16 abolishes categorization into finance leases and operating leases, applying instead the right-of-use model, under which all leases, with the exception of those subject to the exceptional provisions on recognition established for short-term leases and leases in small amounts, are recognized as right-of-use assets and lease liabilities. At the same time, for lessors, this approach is essentially equivalent to account processing as finance leases and operating leases, as stipulated in IAS 17.

In accordance with the following interim measures under IFRS 16, the Group applies this new standard retroactively, recognizing the cumulative effect of its application as of April 1, 2019. Figures shown for comparison from the previous consolidated fiscal year have not been revised.

• For leases categorized in the past as operating leases:

- 1) Lease liabilities are measured at their present value after discounting total remaining lease charges as of the date on which IFRS 16 is first applied using the interest rate charged the borrower on additional borrowings as of that date.
- 2) Right-of-use assets are measured and recognized using the following method:
Recognized as the measured amount of lease liabilities adjusted for prepaid lease charges or accrued lease charges payable
- 3) IAS 36, “Impairment of Assets,” applies to right-of-use assets as of the date on which IFRS 16 is first applied.

In migrating to IFRS 16, the Group has chosen to apply the practical expedient of continuing to apply the previous judgment as to whether or not a transaction qualifies as a lease.

In addition, in applying IFRS 16 to leases categorized as operating leases under IAS 17, the Group will apply the following practical expedient:

• Initial direct costs will be excluded from measurement of right-of-use assets as of the date on which IFRS 16 is first applied.

In connection with migration to IFRS 16, as of the date on which IFRS 16 is first applied, the Group has recognized additional right-of-use assets of 430,495 thousand yen (included under property, plant, and equipment on the Consolidated Statement of Financial Position) and lease liabilities of 430,495 thousand yen (included under other financial liabilities on the Consolidated Statement of Financial Position). These have had no effect on retained earnings.

The weighted average of the interest rate on additional borrowings applicable to lease liabilities as of the date on which IFRS 16 is first applied is 0.62%.

The difference in amounts between total minimum future lease charges on operating leases not cancellable as of the ending date of the fiscal year immediately preceding the date on which IFRS 16 is first applied and lease liabilities recognized on the Consolidated Statement of Financial Position as of the date on which IFRS 16 is first applied is as shown below.

(a) As of March 31, 2019

Total minimum future lease charges on operating leases not cancellable: 432,663 thousand yen

Discounted present value of (a): 430,495 thousand yen

Finance lease obligations as of March 31, 2019: 95,840 thousand yen

(b) Lease liabilities recognized on the Consolidated Statement of Financial Position as of the date on which IFRS 16 is first applied: 526,335 thousand yen

2. IFRS 16 accounting policies

(Lessee)

Under IFRS 16, a lease is defined as a “contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” A transaction is determined to be a contracted lease based on the following steps:

Step 1. Is the asset specified?

Step 2. Does the lessee have the right to enjoy nearly all economic benefits arising from use of the asset over the period of its use?

Step 3. Does the lessee have the right to instruct use of the asset over the period of its use?

At the starting date of a lease, a lease is recognized as lease liabilities and right-of-use assets.

The bulk of the Group's lease contracts consist of lease contracts for server equipment used at the head office and lease contracts for individual sales facilities and in operation of individual computer systems.

1) Lease liabilities

Lease liabilities are recognized initially at the present value of total lease charges remaining unpaid as of the starting date of the lease discounted by the interest rate calculated for the lease.

If the lease interest rate is not readily calculated, the interest rate on additional borrowings by the Group is applied. In general, the Group applies the discount rate as the interest rate on additional borrowings. Lease liabilities are measured after the fact, by increasing book value to reflect the interest rate on lease liabilities and decreasing book value to reflect lease charges paid. In calculations for the Consolidated Statement of Financial Position, they appear under other financial liabilities.

2) Right-of-use assets

Right-of-use assets are measured initially at the acquisition cost. The components of an acquisition cost include the initial measured amount of lease liabilities; initial direct costs; and initial estimates of dismantling costs, removal costs, and costs of restoration to their original condition for the underlying assets.

The cost model is employed for measurements after recognition of right-of-use assets. Right-of-use assets are shown at the price after deducting from the acquisition cost cumulative depreciation and impairment losses, included under the item on the Consolidated Statement of Financial Position under which the underlying asset would appear if it were owned by the Company.

After initial recognition, if ownership of the underlying asset is transferred by the end of the lease period or it is reasonably certain that an option to purchase will be exercised at the acquisition cost of the right-of-use assets, depreciation takes place based on the estimated useful life of the underlying asset as its useful life. In other cases, the shorter of the term of the lease and the estimated useful life of the underlying asset is used.

Depreciation is by the straight-line method. Lease period estimates are based on the contractual lease period. Extension options reasonably certain to be exercised are omitted here because no such options apply/exist.

(Lessor)

The Group categorizes as finance leases involving the transfer of risks of ownership of assets and the bulk of economic value. Finance leases are recorded to the Consolidated Statement of Financial Position by including under other financial assets the net unrecovered amount of lease investments calculated by discounting the total unrecovered amount of lease investments by the lease calculation interest rate.

Lease revenues are recorded to the Consolidated Statement of Profit and Loss by including under operating profit the net unrecovered amount of lease investments and an amount calculated based on the lease calculation interest rate.

None of the Group's leases are categorized as operating leases.

(Changes in presentation methods)

(1) Consolidated Statement of Financial Position

Due to an increase in monetary importance, other deposits (included under cash and cash equivalents in the previous consolidated fiscal year) are included under other financial assets beginning with this consolidated fiscal year. The Consolidated Statement of Financial Position for the previous consolidated fiscal year has been revised to reflect this change in presentation methods. As a result of this change, the balance of cash and cash equivalents at the end of the previous consolidated fiscal year decreased by 213,188 thousand yen.

(2) Consolidated Statement of Cash Flows

In light of the change in presentation methods in the Consolidated Statement of Financial Position described above, the amount of cash and cash equivalents as of the end of the previous consolidated fiscal year decreased by 213,188 thousand yen, while cash and cash equivalents as of the start of the previous cumulative consolidated fiscal year decreased by 130,989 thousand yen. The decrease of 82,199 thousand yen in other deposits that occurred from the start to the finish of the previous consolidated fiscal year is included under "Other" under cash flow from financing activities.

(Changes in accounting estimates)

As a hedge against the risk of doubtful accounts in the Credit Finance Business (advance payments and partner loans), the Group has concluded transaction credit insurance and guarantee organization credit insurance policies with multiple casualty insurers to complement credit receivables.

Previously, supplementation under credit insurance was not recorded as individual assets due to the difficulty of identifying reliable projections of the supplementation received from such insurance.

Beginning this consolidated fiscal year, due to measures including revised credit insurance policies and enhanced internal administration structures, reliable projections for the supplementation received from credit insurance are recorded as insurance assets.

The resulting amount of insurance assets recorded, 2,080,841 thousand yen, which corresponds to the allowance for doubtful accounts recorded at the end of March 2019, is recorded as revaluation gains on insurance assets. The amount of 1,855,533 thousand yen from the portion corresponding to fluctuations in allowance for doubtful accounts during this consolidated fiscal year was deducted from the amortization losses on financial assets under operating expenses, resulting in a reduction of 971,560 thousand yen in insurance assets accompanying the exercise of insurance policies.

Funds received from insurance claims previously appeared under insurance income under other income. However, based on measures to enhance internal administration structures related to credit insurance policies, the scope of operating income was reviewed so that a series of processes ranging from the issue, collection, and repayment of credit to supplementation under credit insurance were regarded as part of sales activities. As a result, earnings arising from the receipt of funds in excess of the amount of insurance assets are recorded under operating income as revenue from the exercise of insurance policies.

* Revaluation gains on insurance assets are provided under other earnings on the Consolidated Statement of Profit and Loss.

(Segment information)

Segment profit and results

Information on segment revenues and results is omitted because the only reporting segment is Credit Finance-related Businesses.

Credit Finance-related Businesses include the Credit Finance Business and the Automobile Warranty Business (the Company's main business services), in addition to other businesses.

Regional information

Information on operating profits by region is omitted because operating profits from external customers attributable to the domestic market account for the bulk of operating profits on the Consolidated Statement of Profit and Loss.

In addition, information on non-current assets by region is omitted because the book value of non-current assets attributable to domestic locations accounts for the bulk of non-current assets on the Consolidated Statement of Financial Position.

Information on important customers

Information on important customers is omitted because the Group's businesses target ordinary consumers and no single external customer (or group) accounts for 10% or more of the Group's operating profit.

Information on products and services

Information on products and services is omitted because the category of products and services is identical to the reporting segment.

(Earnings per share)

The bases for calculations of basic earnings per share and diluted earnings per share are shown below.

(1) Basic earnings per share

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Profit attributable to owners of common stock of parent (thousand yen)	1,387,507	1,465,708
Weighted average of total number of shares issued and outstanding during the period (shares)	12,269,711	13,048,531
Basic earnings per share (yen)	113.08	112.33

(2) Diluted earnings per share

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Profit attributable to owners of common stock of parent (thousand yen)	1,387,507	1,465,708
Profit used to calculate diluted earnings per share (thousand yen)	1,387,507	1,465,708
Basic weighted average of number of shares of common stock (shares)	12,269,711	13,048,531
Adjustments related to stock options issued by parent (shares)	957,082	240,848
Weighted average of number of shares of common stock used to calculate diluted earnings per share (shares)	13,226,793	13,289,378
Diluted earnings per share (yen)	104.90	110.29

Note:

The Company conducted a two-for-one stock split of its common stock on April 1, 2019 based on a resolution by the Board of Directors at a meeting held December 17, 2018. Basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

(Important subsequent events)

Corporate combination through purchase of stock

1. Overview of the corporate combination

(1) Central Servicer Corporation

On April 1, 2020, the Company purchased all shares of stock in Central Servicer Corporation.

Central Servicer Corporation handles management and collections of claims mainly purchased from or contracted by financial institutions. One area of specialization involves collections of auto credit claims and auto lease claims and repossession of security vehicles. It has built a strong track record in its business activities across Japan.

The Group's Credit Finance Business, its main line of business, is growing steadily, with expanding business driven by the results of an IPO and other factors. Plans call for maintaining and expanding this growth in the future. Since this will entail growth in the balance of claims managed, the Group is seeking to enhance its claims management capabilities through this stock purchase.

(2) Types of prices paid and breakdown thereof

Price of purchase	Cash	600 million yen
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(3) Breakdown of main purchase-related costs and amounts thereof

Advisory fees 57 million yen

(4) Amount of resulting goodwill and source, depreciation method, and depreciation period thereof

This has yet to be finalized because the allocation of the purchase price remains incomplete.

(5) Amounts of assets accepted and liabilities undertaken on the date of the corporate combination, and breakdowns thereof

Not finalized at this time